

Supplement to Expert Report of David Lewin, Ph.D

(Dec. 6, 2013)

REDACTED VERSION

Highly Confidential, Attorneys Eyes Only

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION**

**IN RE HIGH-TECH EMPLOYEE
ANTITRUST LITIGATION**

**MASTER DOCKET NO. 11-CV-2509-
LHK**

**SUPPLEMENT TO EXPERT
REPORT OF DAVID LEWIN,
PH.D.**

December 6, 2013

Highly Confidential, Attorneys Eyes Only

1. Attached hereto as Exhibits 14A.1 and 14B.1 are supplements to Exhibits 14A and 14B of my November 25, 2013 Expert Report.
2. Exhibit 14A.1 replicates Prof. Leamer's approach in Figure 19 of his October 1, 2012 Expert Witness Report, but with the data for all years from 2001 to 2011 for the Technical Class, which results in cumulative "overcompensation" (in Prof. Leamer's terms) for the time period in question.
3. Exhibit 14B.1 disaggregates the results for the Technical Class by Defendant, with data for all years from 2001 to 2011.
4. I declare under penalty of perjury under the laws of the State of California and the United States of America that the foregoing is true and correct. Executed this 6th day of December 2013, at Los Angeles, California.

Respectfully submitted,

A handwritten signature in cursive script that reads "David Lewin". The signature is written in dark ink and is positioned above a horizontal line.

Prof. David Lewin, PhD

**Exhibit 14A.1: Average Percentage Change in Total Compensation
Replication of “Preliminary Informal Impact Assessment” Using Prof. Leamer’s Method
Technical Class**

Year	Number of Employees	Change in Total Compensation				Using Prof. Leamer's Method	
		Mean	Median	90th Percentile	Std. Dev.	Initial ¹	Cumulative
2002	30,123	-7.4%	-7.7%	10.9%	19.1%		
2003	30,231	-4.3%	-3.7%	13.6%	20.2%		
2004	28,359	9.1%	10.1%	23.1%	19.8%		
2005	30,101	-1.4%	-1.9%	13.5%	20.9%	-3.8%	-3.8%
2006	34,778	8.1%	9.4%	24.3%	25.4%	5.7%	1.9%
2007	36,276	7.5%	4.8%	27.0%	23.8%	5.1%	7.0%
2008	38,143	6.4%	10.0%	23.2%	26.8%	4.1%	11.0%
2009	41,245	8.7%	4.5%	36.4%	25.0%	6.3%	17.4%
2010	42,026	5.0%	6.4%	21.9%	23.1%		
2011	45,419	9.4%	8.1%	28.4%	22.6%		
Average		4.1%	4.0%	22.2%	22.7%		

Notes:

- (1) Calculated as the average change in total compensation for the year minus the average changes in total compensation in 2002, 2003, 2004, 2010 and 2011. Source: Deposition of Edward E. Leamer, Ph.D., dated November 18, 2013, p. 999.
- (2) Change in compensation measured only on employees that did not switch employers from previous year.
- (3) Total compensation measured as base salary as of December plus annual bonuses, overtime compensation, and stock options and restricted stock awards.
- (4) This analysis uses the same methodology as Prof. Leamer, but is adjusted to account for technical employees only and the benchmark period detailed above.

Source: Prof. Leamer's backup data and materials.

Exhibit 14B.1: Average Percentage Change in Total Compensation by Defendant
Replication of “Preliminary Informal Impact Assessment” by Defendant Using Prof. Leamer's Method
Technical Class

Average Change in Total Compensation

Year	Adobe	Apple	Google	Intel	Intuit	Lucasfilm	Pixar	All Defendants
2002	-26.2%	-14.0%	23.4%		-29.9%	10.4%	2.9%	-7.4%
2003	1.9%	7.6%	76.1%		7.9%	9.9%	3.9%	-4.3%
2004	0.5%	4.1%	-39.2%		6.2%	-1.7%	-32.7%	9.1%
2005	10.4%	10.0%	-27.7%		3.5%	6.3%	26.0%	-1.4%
2006	5.9%	13.9%	-42.8%		13.4%	13.4%	15.0%	8.1%
2007	12.5%	21.3%	13.2%		8.5%	4.4%	0.6%	7.5%
2008	5.5%	-1.7%	-18.5%		10.3%	6.7%	-1.0%	6.4%
2009	-9.2%	7.5%	39.5%		-0.3%	-1.0%	-10.9%	8.7%
2010	3.5%	14.5%	-12.4%		13.3%	3.6%	12.4%	5.0%
2011	10.0%	8.3%	13.2%		1.5%	3.7%	12.0%	9.4%

Initial¹ (Using Prof. Leamer's Method)

Year	Adobe	Apple	Google	Intel	Intuit	Lucasfilm	Pixar	All Defendants
2005	12.5%	5.9%	-39.9%		3.8%	1.1%	26.3%	-3.8%
2006	8.0%	9.8%	-55.1%		13.6%	8.2%	15.3%	5.7%
2007	14.6%	17.2%	1.0%		8.8%	-0.7%	0.9%	5.1%
2008	7.6%	-5.8%	-30.8%		10.5%	1.5%	-0.7%	4.1%
2009	-7.2%	3.4%	27.3%		-0.1%	-6.2%	-10.6%	6.3%

Cumulative (Using Prof. Leamer's Method)

Year	Adobe	Apple	Google	Intel	Intuit	Lucasfilm	Pixar	All Defendants
2005	12.5%	5.9%	-39.9%		3.8%	1.1%	26.3%	-3.8%
2006	20.4%	15.7%	-95.0%		17.4%	9.4%	41.6%	1.9%
2007	35.0%	32.9%	-94.0%		26.2%	8.6%	42.5%	7.0%
2008	42.6%	27.1%	-124.8%		36.7%	10.2%	41.8%	11.0%
2009	35.4%	30.5%	-97.5%		36.6%	4.0%	31.3%	17.4%

Notes:

(1) Calculated as the average change in total compensation for the year minus the average changes in total compensation in 2002, 2003, 2004, 2010 and 2011.

(2) This analysis follows Prof. Leamer's methodology in his Figure 19 of treating 2005 as the first year of the agreements for all Defendants.

Source: Prof. Leamer's backup data and materials.